



CONGRESSMAN JIM SENSENBRENNER NEWS FROM CONGRESS

NUMBER 153 -- JUNE 2000

VICE PRESIDENT AND EPA ADMINISTRATOR IGNORE WISCONSIN'S PLEAS REGARDING RFG

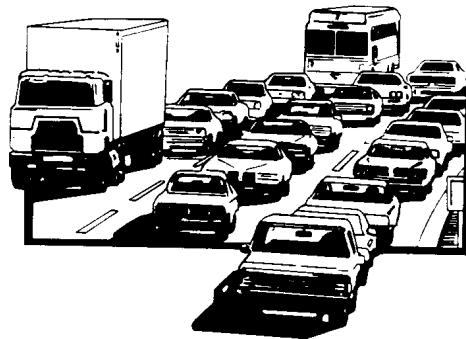
The apparent disregard that the Environmental Protection Agency (EPA) and the Administration have shown Wisconsin regarding reformulated gasoline (RFG) is quite unbelievable.

Repeated requests have been made for complete relief or temporary relief from this burdensome and costly mandate. These regulations have caused health problems, polluted our water, reduced our gas mileage, caused prices to sky rocket, and have not cleaned-up our air. Even after five years of this, we are still being ignored.

The latest blows came just recently. In May, I signed a letter to President Clinton expressing concern over rising prices and encouraging him to undertake efforts to stabilize fuel prices in the region. A letter was also sent to U.S. Attorney General Janet Reno by Wisconsin Democrats asking the Department of Justice to look into price gouging in Southeastern Wisconsin.

Despite written support from Republican House Members and our Democratic Senators, EPA denied Wisconsin its latest temporary waiver request despite giving St. Louis gasoline suppliers their third waiver in two months. The Administration and EPA Administrator Browner are apparently applying a double standard in granting waivers at the expense of the people in Wisconsin.

We are not giving up. State lawmakers are pursuing a lawsuit against EPA and State Assemblyman Scott



Walker is taking an additional step by asking Vice President Al Gore to pressure the EPA into reconsidering Wisconsin's waiver request. I remain hopeful, but am not optimistic as the Administration is pushing the Kyoto Global Climate Change Treaty. The Energy Information Administration, which is headed by an appointee of President Clinton, **estimates this Treaty could raise gasoline prices 14 to 66 cents per gallon.**

Let's take a step back in time to see how we got to this point. Originally, RFG was designed to reduce ground level ozone in areas of unusually high levels. Milwaukee, Waukesha, Washington, Ozaukee, Racine, and Kenosha counties were areas determined by EPA to need environmental help. One important question left unanswered was the source of the ozone problem. Several studies have found that some of our pollution problems may originate from Chicago and as far away as St. Louis and Alabama. In short, they pollute, and we pay the price.

Throughout the entire RFG ordeal, EPA has repeatedly stiff-armed the citizens in Southeastern Wisconsin when valid concerns regarding its effectiveness were being raised. For example, in 1995 when EPA's Director of the Office of Mobile Sources met with



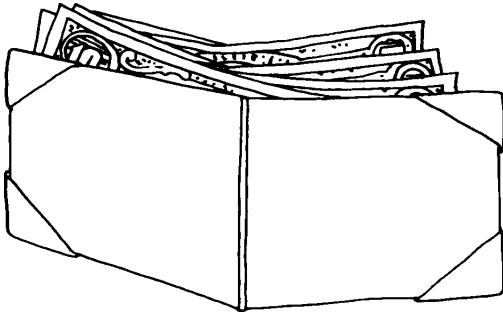
REMINDER...
TOWN HALL MEETINGS

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CONGRESS DOES ITS JOB: LOWERING YOUR TAXES

The 106th Congress is working hard to pass common sense tax reforms we so desperately need to keep the government out of Americans' wallets. In just the last year, Congress passed important tax cut measures which, if enacted into law, will lead to significant savings for every American family.



Marriage Tax Relief

In Wisconsin's Ninth Congressional District, 39,085 married couples shared one heavy burden with nearly 25 million couples nationwide. They all paid higher taxes just for being married. The federal government should not penalize people simply on the basis of marital status. In February 2000, the House voted to change this policy. I supported the Marriage Penalty Relief Act which will, over five years, increase the standard deduction for married couples from \$7,350 to \$8,800, or twice the standard deduction for a single person.

President Clinton has advocated a watered-down, 10-year plan that would provide less than 1/3 of the tax relief of the House-passed bill. I hope he will see the wisdom of our plan and sign it into law.

Stop Financing the Spanish American War

Although it's hard to repeal taxes that have been on the books for a long time, we are making some progress. On May 25th, the House passed H.R. 3916, the Phone Tax Repeal Act, by a vote of 420 to 2. This bill eliminates the three-percent federal excise tax on telecommunications services.

Congress first enacted a telephone excise tax- a "temporary luxury tax"- in 1898 to finance the Spanish-American War. This "temporary" tax amounted to a penny on long-distance phone calls costing more than 15 cents. Over the years, the federal phone tax has survived efforts to phase it out and scale it back. Even

worse this tax has taken on a life of its own and become a permanent three-percent tax on telecommunications services. The Senate will take this bill up shortly so it can be sent to the President for his signature.

Stopping Payment of a World War I Tax

Anyone who has ever lost a loved one knows that the last person they want to see at the funeral is Uncle Sam. Under current law, the IRS tax collector is one of the first people a family member has to deal with when a loved one dies. Under the death tax, originally implemented to help fund World War I, Uncle Sam can confiscate up to 55 percent of a lifetime's accumulation. Heirs are forced to sell their family businesses, farms, or other property, to meet their obligations to the tax collector. People work and pay taxes their entire life and still scrape up enough to leave something for their heirs. Unfortunately, the main beneficiary is Uncle Sam.

Congress has taken steps toward eliminating this heinous tax, only to be thwarted by the Administration and the veto pen. Last year, both the House and the Senate passed the Taxpayer Protection Act which provided relief from the income, capital gains, marriage and death taxes. It was vetoed by President Clinton. The House intends to take up a death tax relief bill in the near future. After the House passes it, the Senate must move quickly so it can become law this year.

Installment Tax Relief

Here is another example of the government getting paid first. As many business owners will attest, last year's elimination of the installment method of capital gains tax payment has been of vital importance in the sale of many small businesses. Under current law, small business owners who sell their businesses may be paid in installments for their property. However, greedy Uncle Sam strikes again and demands the full capital gains tax payment up front.

For example, a restaurant owner who plans to retire finds a buyer willing to pay \$100,000 per year for four years to purchase his restaurant. In the year the sale occurs, the original owner is forced to immediately pay capital gains taxes on the full \$400,000 sale, even though he will only have received \$100,000 that year.

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Wisconsin citizens in Milwaukee, the auditorium was too small to accommodate all who wished to participate. EPA promised to return the following day to allow the hundreds of citizens who were not admitted to share their views. EPA officials did not appear.

Southeastern Members of the Wisconsin delegation and Governor Thompson tried another approach. During the Fall of 1995, I introduced legislation at the request of Governor Thompson and with bipartisan support to allow EPA to waive the RFG requirement during winter months. As a follow-up, we wrote to EPA Administrator Carol Browner regarding problems associated with RFG. After again being ignored, Republican and Democrat Members met with EPA officials who admitted that they had not read the legislation. It was only a page and a half in length so we provided them a copy and waited patiently while they read it. The EPA response was that the Governor should mandate RFG across the entire state instead of looking to provide relief in Southeastern Wisconsin.

As Chairman of the House Science Committee, I held two RFG hearings, and last October cosponsored legislation to phase out the use of MTBE, a gasoline additive used in RFG. When RFG was first mandated in Wisconsin, MTBE was the main additive for RFG. Wisconsin raised concerns about the human health risks associated with MTBE, including ground water pollution, but we were ignored. What is certainly troubling is that the EPA knew this early on, but ignored their own data while promoting MTBE use. Ironically, a recent EPA study verified the potential health risks associated with MTBE. It is nothing short

of preposterous that the EPA would promote the use of MTBE in a regulation that is intended to help the air quality while ignoring evidence concerning water contamination.

RFG's most recent notoriety revolves around its contribution to skyrocketing gas prices. When RFG was first sold in 1995, the price differential between RFG and conventional gasoline was six to ten cents. Today, that price differential has more than doubled. The possibility of gas supply interruptions threatens to drive it even higher.

EPA is using faulty science, but don't take my word for it. Last year, a major newspaper editorial criticized EPA for using junk science. The editorial calls the EPA-funded study on RFG a marker of a wider, more dangerous problem. A special EPA panel said that MTBE was increasingly contaminating water supplies through fuel spills and leaks. Ironically, the panel used studies *already* available to the EPA. The agency was either too busy promoting their favorite gasoline additive to analyze their own research, or they willfully ignored it. "With little public notice, the EPA time and time again has used slipshod science to justify new anti-pollution rules, then defended the rules to the hilt, even if that defense came at the expense of its own scientists," concluded the editorial.

Until the Clinton Administration abandons this environmentally ineffective bureaucratic mandate, Wisconsin residents will have to pay for their policy blunders at the pumps. Unfortunately, no one at the EPA appears to be listening to our pleas. ■



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The elimination of the installment method is harming small business owners by reducing the amount they receive for the sale of their businesses by 10 to 20 percent. The current system unfairly creates a shortfall for the former owner, who could end up losing more money in the first year than he gains through the sale of his business. Provisions of several bills that have passed the House allow for capital gains taxes on the sale of small businesses to be paid in installments so that when you get paid, so does Uncle Sam. These bills must pass the Senate and be signed into law by the President.

At a time of budget surplus and prosperity, Congress has the opportunity to take a careful look at our arcane tax code and repeal those provisions that are outdated or counterproductive. These taxes have clearly outlived their purposes and are now simply bad tax policy. Although tax relief is long in coming, as the old saying goes: "better late than never." There will be an aggressive effort in the coming months to further reduce the tax burden.

■

Town Hall Meetings and Office Hours provide me the chance to hear your views on the issues before Congress or to help you with problems you may be experiencing in dealing with a federal agency. I look forward to seeing you at the next meeting nearest your home. Please contact my district office if you require special accommodations to attend.

TOWN HALL MEETINGS

Sunday, June 25

7:00 p.m. Oconowoc City Hall
174 E. Wisconsin Ave.

Sunday, July 9

7:00 p.m. Fort Atkinson City Hall
101 N. Main St.

Sunday, July 16

7:00 p.m. Horicon City Hall
404 E. Lake St.

Sunday, July 23

7:00 p.m. Germantown Village Hall
N112 W17001 Mequon Rd.

Sunday, July 30

7:00 p.m. Mequon Safety Bldg.
11300 N. Buntrock Ave.

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